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Gorbachev's Oil Weapon

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Mikhail Gorbachev's plaintive failure to stop the steamroller of Baltic independence by force of personality may lead to the use of Soviet economic power, particularly the oil weapon, to coerce the Baltic states into accepting his version of democratic self-determination and end further dissolution of the Communist empire.

If Gorbachev really believes that the use of Soviet force in the Baltics would inflame the West against him and abruptly terminate perestroika, two strategies seem available to him. First: block independence by using the economic weapon, coupled with bureaucratic delays easily imposed by endless debates back in Moscow. Second: let the steamroller of independence roll on, using it as fresh evidence to support Gorbachev's claims on Western assistance while clamping down hard on rampant nationalism from Moldavia to Azerbaijan.

While some of President Bush's key diplomatic aides do not completely rule out the latter, despite its falling-domino threat to Gorbachev, the prevailing view here is that exploitation of the economic weapon is more likely. Yet far from devising a response that might include guarantees to make up for Soviet-imposed deprivations, the administration is only now conducting quiet studies.

The stench of economic warfare is unmistakably in the air. The Baltic states "cannot really be on their own in economic terms," Gennadi Gerasimov, the Soviet spokesman, told NBC's Meet the Press on Dec. 31. "You can see that [they] are getting our oil at very cheap prices," prices that are unavailable in the West.

Six days later in Romania came clear proof that Moscow has not lost the will to use its economic power inside its old Eastern European empire. Romania was unexpectedly offered a juicy prize of energy assets amounting to nearly 400,000 tons of oil for January and about 20 million cubic meters a day of natural gas.

Although no quid pro quo has yet been announced for this beneficence (at a time the Soviet Union itself confronts potential oil shortages), officials here have an explanation: to strengthen its position in a Romania now threatened with possible violence that one high official here predicts could turn Bucharest into "Paris 1789."

Gorbachev hopes the offer of oil will show that Soviet economic power can still help sustain Moscow's political position as post-Ceausescu Communist apparatchiks fight anti-communist newcomers in the battle for power. He may also be using the oil to extract a guarantee that Romania will not stir the political pot in Soviet Moldavia, taken from Romania in 1939.

For Gorbachev, stakes in the Baltics are infinitely higher than those in Romania. That was emphasized by former Reagan administration Pentagon official Frank J. Gaffney Jr. in a Jan. 8 analysis of Soviet economic warfare by the Center for Security Policy, a conservative think tank. Compared with Eastern Europe, he noted, the Baltic states "pose a far more significant challenge to the Soviet Union."

The full panoply of Soviet power to affect the economies in the three states illegally seized by Stalin in 1940 cannot be precisely measured, but oil is at the center. More than half of Lithuania's export earnings comes from petroleum products refined from Soviet oil. Even though a large portion of this hard currency from Western Europe ends up in the coffers of Moscow, Lithuania's total dependence on Soviet oil puts its economy under Moscow's thumb.

Latvia generates only one-half of its consumption of electricity, importing much of the rest from non-Baltic parts of the Soviet Union. In addition to Moscow's control over energy, those two Baltic states, along with Estonia, can take virtually no independent action in the Soviet command economy to build up, experiment with or maximize their own systems, either inside the Soviet Union or in new arrangements with the West.

No one can know how far Gorbachev might be willing to push economic blackmail against the rebellious Baltics, but a pledge of protection by the United States and its allies might discourage him. Yet all is quiet here as the Bush administration sweats out an embarrassing silence about possible economic warfare against the Baltics—the same silence that makes Baltic "independence" a forbidden White House word because Moscow does not want to hear it.